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TOP TRUST FIRMS — TABLES BEGIN ON P.12

American Banker

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VOL. CLIII NO. 125 Tuesday, June 28, 1988 153rd Year

Today

While the nation's thrifts know they need some strong medicine, none of the tonics being offered seem likely to put the industry back on its feet. 11

The Federal Reserve Bank of New York has given primary-dealer status to three government securities dealers. Missing from the list is Yamaichi Securities International, a Japanese firm widely known to be an aspiring primary dealer. It was shut out, sources say, by political pressure. 19

Blackstone Financial Management, the firm started by the former head of First Boston Corp.'s mortgage department, has announced its first public offering — a $100 million fund that will invest nearly exclusively in mortgage-backed securities. 21

William E. Simon's investor group has finished buying enough stock in First Interstate Bank of Hawaii's parent to give it just under a 40% stake — the most it can buy without violating a gentlemen's agreement with the bank's board. 32

The weekly listing of financial services stocks features regional industry groups and price indexes. 24

Executive Changes 10
In the News 3

COMMENT

Comptroller of the Currency Robert L. Clarke argues that in the majority of cases banks are not the prisoners of fate — that even in depressed economies, banking performance is primarily the result of managerial behavior. 4

Values are especially important to service organizations; they need to be reinforced and adapted; and a special type of leadership is necessary to make that happen, writes Nigel Williams of McKinsey & Co. 9

CORPORATE FINANCE

The Federal Reserve Board wants banks to file regular reports that would help it gauge the volume of commercial loan stripping. 3

Asset-based lenders are starting to thrive on the leveraged buyout boom of the 1980s — by moving in on deals gone bad, says one industry veteran. 6

Security Pacific National Bank is selling Security Pacific Acceptance, its field warehouse operation, to the unit's manager. 6

A venture capitalist and former banker says there are plenty of opportunities for his current and former colleagues to engage in some mutually beneficial teamwork. 8

Worth Repeating

Basically, we're a high-class pawnshop. We go after the tough deals — smokestack companies, auto parts, timber companies — when these industries are going belly-up. Everybody has a niche, I guess.

Gerald Blum, president of Fidelcor Business Credit Corp. [Page 6]

Random Thoughts

By SANFORD ROSE

It has always been a source of amazement to this writer that banks generally give multiple answers when asked to describe their interest-rate-risk position. They may say that they are liability sensitive (liabilities repriced before assets) in the short run, asset sensitive (assets repriced before liabilities) in the medium term, and balanced in the long term. This type of formulation, distressingly common in convention talks, makes precious little sense.

Every institution has one interest rate position. All gaps are not created equal. A liability-sensitive gap in the short bank may be more or less important than an asset-sensitive gap in the long bank.

These various gaps must be blended into one position by measuring the time-weighted present value of the projected asset cash inflows relative to a similar calculation for the projected liability cash outflows. This reveals the duration (true average life) of the asset and liability accounts.

Knowing the duration of these accounts and their respective dollar

Random Thoughts: Page 4

People

Wriston Protege Looks Back

By DAVID NEUSTADT

NEW YORK — The old adage says: Be smart — and if you can't be smart, be lucky. Donald Howard, Citicorp's first chief financial officer, has been both.

"People don't properly appreciate the importance of luck, just plain luck, in a career," says Mr. Howard, who retired in January after 31 years at Citicorp and its predecessor, First National City Bank. The 60-year-old executive was named CFO of Salomon Inc. this month.

In 1958, as a trainee in First National City Bank's London office, he was picked to study the Eurodollar market that was then just developing.

"Once I got the people who were really doing the transactions, it wasn't difficult to understand," he recalls. From the time he wrote a page-and-a-half memo in 1958 until he left he was the bank's expert on the Eurodollar market.

"The market took off in the late 1960s and I rode that crest," he says. My career is as attached to the development of the Eurodollar market as it is to any other single factor, and that's just plain dumb luck."

He was also smart — enough so that he caught the attention of George Moore and Walter Wriston, two future chairmen of the bank.

As a research associate at Harvard Business School in 1957, it was Mr. Howard's job to entertain bankers who came to the campus to recruit. That year Citibank's recruiting was "disastrous," he says.

The following summer, while Mr.

Wriston: Page 2

Trust Assets Rose 10% in '87 Despite Crash

By BART FRAUST

NEW YORK — The value of stocks, bonds, and other assets managed for others by the 100 largest bank trust departments advanced 10.1% last year, according to the *American Banker*'s 20th annual trust banking survey.

The gain came in the face of declines in the stock and bond markets last year that culminated in the Oct. 19 crash.

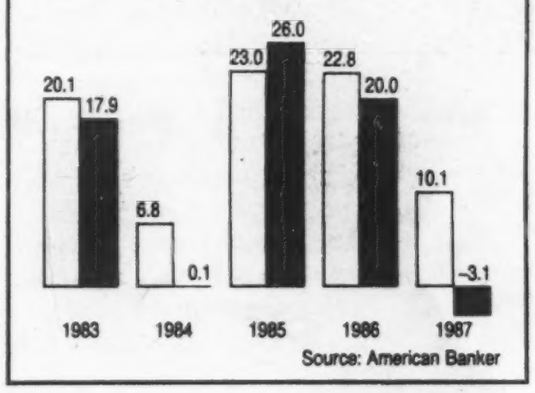
Bankers and analysts attributed the asset gain in a down market to several factors, including substantial increases in new business, diversification of investments, required additions to bank trust funds by large pension managers, the effects of mergers, and a stock market recovery late last year.

"We found that assets were going to trust departments for the conservative, safe management for which they're known," said Gail Triner, manager of TrustCompare, an annual study of trust

Trust: Page 26

Stock Price Gains and Managed Asset Growth

Yearend 1983-1987



Source: American Banker

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Continued from Page 1

values enables us to calculate the duration of the equity. Since it represents a claim on the difference between the asset and liability cash flows, equity is in reality a net bond. When we know its duration, we can, as with any bond, measure the changes in its value — the value of the bank — for a given change in interest rates.

Unfortunately, banks are often unconcerned with the impact of rate movements on valuation. Indeed, asset-liability management at all too many banks is defined as the controlled mismatching of maturities in order to maximize net interest earnings, subject to reasonable business risk, in the next accounting period or, at the most, over the next fiscal year.

This is far too narrow a definition. Good managers should want to track the effects of mismatch positions on bank value, which is nothing more than the discounted present value of all future net-interest-earnings outcomes.

If a bank is liability sensitive in the so-called short run, its net interest earnings should improve if rates decline. But if the overall duration of bank assets is measurably less than that of the liabilities, resulting in an asset-sensitive position, a decline in rates will lower the bank's value.

This comes about because, given the bank's duration gap, its liabilities are more price sensitive than its assets. If rates fall, the value of both assets and liabilities will increase. But the value of the latter, in view of their longer duration, will increase by more than the value of the former, squeezing the worth of the equity.

Otherwise put, a bank with an asset-sensitive or negative duration gap has, in effect, sold its equity short. Being a short seller, it benefits from a fall in bond prices (a rise in rates). But it loses when bond prices move up (a decline in rates).

The extent of the gain or loss depends on the duration of the equity bond and the amount of the rate change. Changes in the valuation of the equity account can be approximated by multiplying the negative of its duration by the change in rates. If rates fall by 1% and the duration of the equity is minus 10 years, then the value of the bank will fall by around 10%.

This drop in the economic value of the equity account foreshadows a decline in the bank's reported net interest earnings in future accounting periods. Indeed, the drop in equity values when rates fall merely reflects the fact that the bank is now obligated to pay its depositors and creditors the higher, preexisting rate of interest for a longer period of time than it is enabled to earn that same favorable yield from its borrowing customers. So, assuming no further changes in rates, net interest earnings must eventually suffer.

Focusing on the impact of rate changes on short-term profits or net interest earnings without simultaneously considering their effect on valuation and therefore on longer-run interest profits can hardly be described as acceptable management. Thus well-run banks must understand and implement duration analysis, described as the "theoretically correct but fiercely disliked approach to the monitoring of interest rate risk."

Duration is not, of course, universally disliked. Specialists report that they can have an entirely pleasant conversation about the concept with executives of insurance companies and finance companies. They can even have a tolerably agreeable exchange with thrift managers. But they can't talk duration with the senior officials of many banks. These gentlemen execrate the concept. To them duration is very nearly a dirty word.

□ □ □

Dan Brumbaugh's much-quoted and entirely praiseworthy volume, "Thrifts Under Siege," includes a felicitously phrased attack on regulatory restriction of particular asset categories. Deploring the Federal Home Loan Bank Board's efforts to circumscribe thrift direct investments, Mr. Brumbaugh notes that risk for a depository institution is not a function of a given asset type but rather of the behavior of all assets taken together.

Suppose that a thrift has one asset — a mortgage whose value falls when interest rates rise. And suppose, further, that it can make a direct investment in a somewhat risky firm whose fortunes nevertheless stand to improve when rates rise.

A portfolio of both assets, the author emphasizes, can be less risky than a portfolio of mortgages alone because the increased value of one can offset the decreased value of the other when rates change. In other words, because the two assets exhibit negative covariance — their values change in opposite directions when rates rise — supplementing an investment in mortgages that is relatively safe in terms of default with a direct investment that by itself is less safe (more default prone) can prove risk-reducing rather than risk-enhancing.

Mr. Brumbaugh points out that the direct investments in the portfolios of well-capitalized thrifts have not in fact posed a threat to the insurance fund, the FSLIC. And although the direct investments of poorly capitalized thrifts may have been made pursuant to a high-risk strategy, the problem lies not in the asset category, but in the tendency of insolvent or troubled institutions to "go for broke."

That tendency cannot be curbed by restricting particular types of portfolio choice. Given the wide range of assets in which thrifts can invest, troubled associations can always find a way of immolating themselves, thus compromising the insurance fund.

□ □ □

Mr. Brumbaugh's commonsensical observations suggest some obvious questions. If risk depends on the covariance of assets, what possible validity can there be to a risk-based capital standard that takes no account of the mix of an institution's commercial loan portfolio? Under current regulatory proposals, for example, every bank must backstop its loans to commercial customers with the full 4% common equity support, regardless of whether the business fortunes of these customers covary strongly, weakly, or even negatively.

What's more, if risk depends on covariance, why do banks and thrifts attempt to assess the riskiness of loans almost exclusively through analysis of individual-borrower balance sheets? Why don't they instead make more formal attempts to measure the economic linkages among their borrowers, charging higher risk premiums to new customers whose returns tend to be closely correlated with those of their existing borrower base and lower premiums to new borrowers whose returns are poorly correlated?

Suppose that a bank or thrift lends to 50 different customers, and each loan has an expected probability of default of 10 basis points. If the fortunes of the 50 borrowers are 40% linked or correlated, then the standard deviation of losses — the extent by which actual losses can diverge from the expected value of 10 basis points — amounts to 69 basis points. This says that loan losses for such a group of borrowers are likely to range between zero and a high of 79 basis points two-thirds of the time.

However, if the institution lends to a group of borrowers with the same average loss expectation but less interdependence — e.g., their coefficient of correlation is 30%, not 40% — then the standard deviation of losses, a proxy for true risk, declines from 69 to 50 basis points — meaning that losses are likely to range between zero and a high of only 60 basis points.

As the degree of interdependence among a given population of borrowers drops, so also does the risk to the lending institution. So, other things being equal, an institution that lends to a more independent group of customers needs less capital per dollar of assets than one that serves a clientele whose destinies are more closely intertwined. Yet neither the regulators nor the lending institutions themselves seem to pay very much attention to this vital question of customer or asset covariances. ■

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REQUIRED READING

Banking in Trouble: What Hurts? What Helps?

The following address was delivered June 20 by Robert L. Clarke, comptroller of the currency, before the American Bankers Association's Stonier School of Banking, Newark, Del.

□

SEVERAL years ago, the American existentialist philosopher Woody Allen began a graduation speech in this way: "More than any other time in history, mankind faces a crossroads. One path leads to despair and utter hopelessness. The other, to total extinction. Let us pray we have the wisdom to choose correctly."

Allen wasn't talking to the Stonier School of Banking. But if he had been, he would merely have been echoing widely held sentiments about the banking industry.

Throughout the 1980s, the number of troubled banks and the number of bank failures have risen dramatically. In the Midwest and the Southwest especially, depressed conditions in agriculture, energy, and real estate have pummeled banks like tempests battering ships at sea.

Hundreds of banks have foundered. Hundreds more have barely weathered the storm. Yet, others have righted themselves. And thousands in America's heartland have sailed through the storms practically unharmed as a matter of course.

Over the past year, the Office of the Comptroller of the Currency undertook a detailed study to gain a better understanding of why the performance of banks diverged so dramatically when they were faced with similar declines in their economic environments over the past decade.

We looked at three groups of banks: those that failed, similarly situated banks that experienced problems but were restored to health, and banks whose condition never deteriorated despite the problems in their local economies.

Required Reading: Page 21

June 28, 1988, American Banker

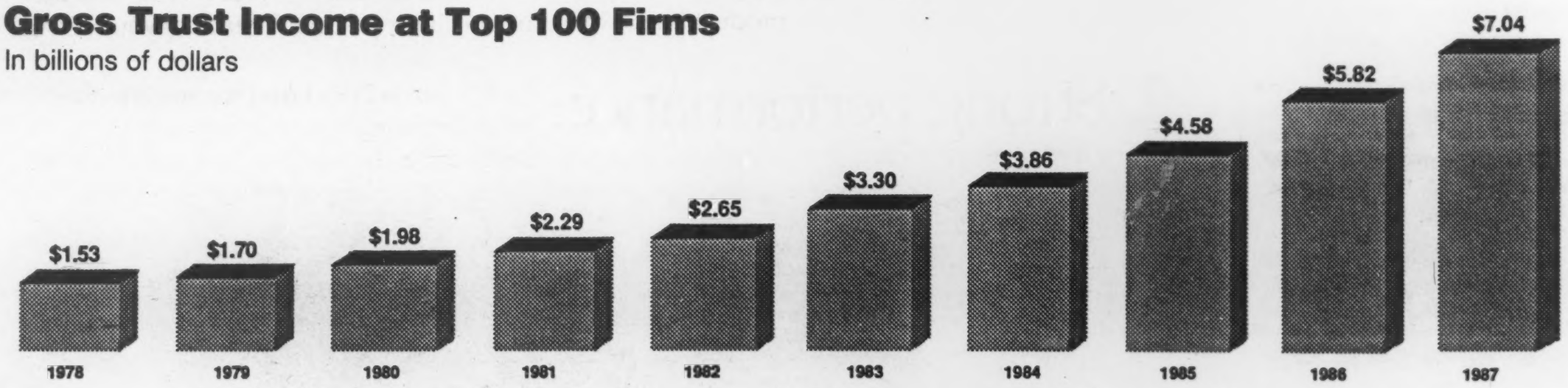
20th Annual Trust Survey

Industry Rankings of Firms by Trust Assets and by Trust Income

American Banker ranks the top 100 banking firms and trust companies by their discretionary, or managed, trust assets for 1987. A geographical listing of the top 100 firms in managed assets is also included. In addition, the top 100 firms in gross trust revenues for 1987 are identified.

Gross Trust Income at Top 100 Firms

In billions of dollars



Discretionary Trust Assets at Top 100 Firms

In billions of dollars

Source: American Banker 1988

Top 100 Firms in Discretionary Assets

Ranked in Order of 1987 Market Value of Discretionary Assets

Rank 1987		Market Value of Discretionary Assets 1987	1986	Rank 1986	Gain in Rank	Trust Inc. Rank 1987	Asset Rank† 1987
1	J.P. Morgan & Co., Inc., New York (M)	65,441,000,000	61,720,000,000	1		2	5
2	Bankers Trust New York Corp. (M)	64,600,000,000	56,300,000,000	2		4	8
3	Wells Fargo & Co., San Francisco (O)	53,911,000,000	45,249,600,000	4	+1	12	11
4	Mellon Bank Corp., Pittsburgh (M)	53,531,000,000	27,798,976,000	8	+4	5	16
5	Citicorp, New York (M)	51,883,062,000	51,659,000,000	3		1	1
6	PNC Financial Corp., Pittsburgh (M,a)	44,304,000,000	41,054,831,000	5		10	15
7	Chase Manhattan Corp., New York (M)	35,985,000,000	33,489,546,000	6		3	2
8	Chemical Banking Corp., New York (M)	33,811,620,000	16,917,000,000	16	+8	11	4
9	State Street Boston Corp. (M)	29,800,000,000	26,100,000,000	9		6	70
10	Manufacturers Hanover Corp., New York (M)	29,026,774,000	25,827,075,000	10		9	6
11	Northern Trust Corp., Chicago (M)	25,141,797,000	28,610,105,000	7		8	55
12	First Chicago Corp. (O)	24,466,885,000	24,424,877,000	11		17	10
13	Boston Safe Deposit & Trust Co. (B)	21,288,000,000	16,609,000,000r	17r	+ 4	37	...
14	Security Pacific Corp., Los Angeles (O)	19,994,000,000	19,448,658,000	12		14	7
15	Wilmington Trust Co., Del. (B)	18,498,422,000	17,849,116,000	13		45	...
16	First Interstate Bancorp., Los Angeles (M)	18,008,752,000	17,753,000,000	14		15	9
17	Capital Guardian Trust Co., Los Angeles (T)	17,827,444,000	17,577,835,000	15		35	...
18	First RepublicBank Corp., Dallas (M)	17,496,918,000	8,079,619,000	36	+ 18	22	13
19	SunTrust Banks, Inc., Atlanta (M)	16,836,588,000	14,832,307,000	18		19	20
20	U.S. Trust Corp., New York (O)	15,888,710,000	14,300,000,000	20		13	140
21	Fiduciary Trust Co., New York (B)	15,213,316,000	14,530,749,000	19		40	...
22	Bank of New York Co., Inc. (M)	14,663,961,000	12,287,084,000	23	+1	7	27
23	Harris Bankcorp., Inc., Chicago (M)	14,322,401,000	14,122,334,000	21		21	49
24	First Bank System, Minneapolis (M)	13,649,000,000	9,599,000,000	32	+8	24	21
25	Bank of Boston Corp. (M)	12,774,517,000	13,417,949,000	22		16	12
26	Bank of New England Corp., Boston (M)	12,528,088,000	12,073,462,000	24		18	17
27	Continental Illinois Corp., Chicago (M)	12,400,919,000	12,028,657,000	25		26	14
28	Manufacturers National Corp., Detroit (M)	12,075,650,000	10,385,524,000	28		48	57
29	Irving Bank Corp., New York (M)	11,421,817,000	N.A.	...		23	24
30	AmeriTrust Corp., Cleveland (O)	11,182,020,000	11,538,730,000	26		28	50
31	NBD Bancorp., Inc., Detroit (M)	11,024,444,000	10,591,093,000	27		30	26
32	Crestar Financial Corp., Richmond (O)	10,842,186,000	5,311,327,000	52	+ 20	54	53
33	Centerre Bancorp., St. Louis, Mo. (M)	10,832,969,000	10,129,818,000	31		44	86
34	BankAmerica Corp., San Francisco (M)	10,392,590,000	16,249,993,000	17		20	3
35	Boatmen's Bancshares Inc., St. Louis, Mo. (M)	10,251,000,000	10,344,923,000	29		67	52
36	Banc One Corp., Columbus, Ohio (M)	9,952,734,000	9,483,235,000	33		25	34
37	National City Corp., Cleveland (M)	9,662,854,000	8,989,190,000	34		32	40
38	First Pennsylvania Corp., Philadelphia (O)	8,609,229,000	7,300,000,000	41	+3	49	78
39	CoreStates Financial Corp., Philadelphia (M)	8,530,579,000	7,709,000,000	38		56	39
40	Mercantile Bancorp., Inc., St. Louis, Mo. (M)	8,214,242,000	7,511,130,000	39		60	72
41	First Wachovia Corp., Winston-Salem, N.C. (M)	8,083,449,503	8,001,232,000	37		27	33
42	Norwest Corp., Minneapolis (M)	7,590,200,000	7,443,839,000	40		29	30
43	Fleet/Norstar Fin'l Group, Inc., Providence, R.I. (M,b)	7,158,797,000	4,403,961,000	60	+17	33	23
44	Citizens & Southern Corp., Atlanta (M)	6,799,595,000	5,690,993,000	46	+2	43	31
45	NCNB Corp., Charlotte, N.C. (M)	6,641,000,000	7,248,000,000	42		34	18
46	First Union Corp., Charlotte, N.C. (O)	6,488,870,000	5,954,742,000	43		31	19
47	Sovran Financial Corp., Norfolk, Va. (O)	6,325,324,000	5,118,948,000	55	+8	39	29
48	Hartford National Corp., Conn. (O,c)	5,867,790,000	5,898,193,000	45		41	38
49	First Wisconsin Corp., Milwaukee (M)	5,857,478,000	5,938,850,000	44		42	69
50	Mercantile Bankshares Corp., Baltimore (M)	5,714,267,000	5,318,688,000	51	+1	65	117
51	Comerica Inc., Detroit (M)	5,527,555,000	5,374,241,000	49		51	51
52	First Fidelity Bancorporation, Newark, N.J. (M,d)	5,500,000,000	5,183,215,000	54	+2	53	37
53	First Kentucky National Corp., Louisville (M)	5,435,133,000	5,210,380,000	53		70	89
54	Trustcorp, Inc., Toledo, Ohio (M)	5,266,283,000	4,936,203,000	56	+2	75	84
55	Fidelcor, Inc., Philadelphia (M,d)	5,200,000,000	5,400,000,000	48		59	43
56	Trust Services of America, Inc., Los Angeles (T)	5,151,124,000	2,908,768,000	78	+ 22	66	...
57	Midlantic Corp., Edison, N.J. (M)	5,102,601,000	5,325,558,000	50		55	35
58	Indiana National Corp., Indianapolis (O)	4,952,200,000	4,788,324,000	57		83	83
59	Society Corp., Cleveland (M)	4,555,439,000	4,397,676,000	61	+2	52	58
60	AmSouth Bancorp., Birmingham, Ala. (M)	4,460,499,000	4,705,000,000	59		64	68
61	Barnett Banks, Inc., Jacksonville, Fla. (M)	4,349,496,000	3,868,456,000	66	+5	61	25
62	Marine Midland Banks, Inc., Buffalo, N.Y. (O)	4,104,056,000	4,293,011,000	62		47	22
63	MCorp, Dallas (M)	4,074,000,000	4,779,639,000	58		36	32
64	Old Kent Financial Corp., Grand Rapids, Mich. (M)	4,058,955,000	3,501,595,000	69	+5	79	74
65	Meridian Bancorp, Inc., Reading, Pa. (M)	3,967,920,000	1,861,158,000	100	+ 35	76	64
66	Shawmut Corp., Boston (M,c)	3,959,338,000	4,176,000,000	63		37	47
67	United Missouri Bancshares Inc., Kansas City, Mo. (M)	3,828,000,000	3,155,598,000	72	+5	78	111
68	KeyCorp, Albany, N.Y. (M)	3,781,669,000	2,908,811,000	77	+9	71	45
69	United Banks of Colorado, Denver (M)	3,744,000,000	3,200,000,000	71	+2	69	82
70	First City Bancorporation of Texas, Inc., Houston (M)	3,443,167,000	3,534,090,000	67		58	44
71	Fifth Third Bancorp., Cincinnati (M)	3,374,900,000	3,268,171,000	70		82	105
72	Merchants National Corp., Indianapolis (O)	3,121,542,181	2,869,076,016	79	+7	103	103
73	Marshall & Ilsley Corp., Milwaukee (M)	3,000,000,000	2,985,776,000	75	+2	57	81
74	U.S. Bancorp., Portland, Ore. (M)	2,979,370,000	2,115,346,000	93	+ 19	63	41
75	Hibernia Corp., New Orleans, La. (O)	2,865,517,000	2,801,881,000	82	+7	117	96
76	First of America Bank Corp., Kalamazoo, Mich. (M)	2,821,898,000	4,149,950,000	64		77	61
77	Southeast Banking Corp., Miami (M)	2,816,927,000	2,925,722,000	76		68	42
78	Texas American Bancshares Inc., Fort Worth (M)	2,764,093,000	3,037,605,000	74		81	88
79	First American Corp., Nashville, Tenn. (M)	2,763,600,000	.....	...		105	73
80	Bank of California NA, San Francisco (B)	2,548,791,000	2,807,556,000	81	+1	62	...
81	Banks of Mid-America, Inc., Oklahoma City (M)	2,488,958,000	.....	...		99	146
82	Premier Bancorp, Inc., Baton Rouge, La. (M)	2,483,000,000	.....	...		114	100
83	Horizon Bancorp., Morristown, N.J. (M)	2,471,323,000	2,536,818,000	86	+3	112	108
84	Valley National Corp., Phoenix, Ariz. (O)	2,448,917,000	2,264,180,000	91	+7	72	46
85	First National Cincinnati Corp. (M)	2,425,313,726	2,469,137,000	88	+3	86	97
86	Union National Corp., Pittsburgh (O)	2,340,003,000	2,513,636,000	87	+1	107	115
87	BancOklahoma Corp., Tulsa (O)	2,230,999,000	2,589,136,000	85		102	144
88	Firstier Inc., Omaha, Neb. (O)	2,194,219,000	2,692,470,000	84		94	...
89	Bancorp Hawaii, Inc., Honolulu (O)	2,191,040,000	1,964,200,000	97	+8	87	77
90	Riggs National Corp., Washington, D.C. (O)	2,148,025,000	2,211,068,000	92	+2	92	71
91	Liberty National Bancorp, Inc., Louisville, Ky. (M)	2,100,000,000	.....	...		123	137
92	Marine Corp., Milwaukee, Wis. (M)	1,939,967,000	2,800,000,000	83		74	101
93	First Tennessee National Corp., Memphis (M)	1,865,066,000	2,033,070,000	95	+2	101	79
94	Commerce Bancshares Inc., Kansas City, Mo. (M)	1,842,167,000	1,928,280,000	99	+5	93	85
95	Bessemer Trust Co., Woodbridge, N.J. (T)	1,826,600,000	1,619,795,000	102	+7	89	...
96	Florida National Banks of Florida, Jacksonville (M)	1,800,000,000	1,419,688,000	106	+ 10	90	67
97	Michigan National Corp., Farmington Hills, Mich. (M)	1,800,000,000	422,000,000	...		97	63
98	Huntington Bancshares Inc., Columbus, Ohio (M)	1,707,916,000	1,613,011,000	103	+5	80	59
99	Amalgamated Bank of New York (B)	1,700,000,000	1,950,000,000	98		...	...
100	Cullen/Frost Bankers Inc., San Antonio (M)	1,665,734,344	1,738,302,859	101	+1	98	119
	TOTALS FOR THE TOP 100 FIRMS‡	**1,113,999,579,754**	**1,011,991,137,016**	**+10.1%**			

Data Source: American Banker survey questionnaire to the 200 largest trust firms in the nation. **Discretionary assets:** assets of accounts over which a firm is authorized to make investment decisions. Also included are assets in accounts for which the firm recommends, but does not make, investments. Assets of accounts where the firm shares investment power are also included. **Type of institution—** A footnote, appearing after the name of each firm, describes its type: **(B)—** Commercial bank; **(M)—** Multibank holding company; **(O)—** One-bank holding company; **(T)—** Nondeposit trust. **(a)—** PNC acquired Central Bancorp. Inc., Cincinnati, on 2/29/88. However, the trust functions of Central Bancorp were merged with those of PNC before yearend 1987. Therefore, the 1987 data for PNC include the trust assets of Central Bancorp. **(b)—** On 1/1/88, Fleet Financial Group, Providence, and Norstar Bancorp., Albany, N.Y., merged to form Fleet/Norstar. The 1987 data are for Fleet/Norstar, and the 1986 data are for Fleet Financial Group. **(c)—** On 2/29/88, Hartford National Corp acquired Shawmut Corp. and changed its title to Shawmut National Corp. Had the merger taken place before yearend, Shawmut National would have ranked 37th in discretionary assets with $9.8 billion. **(d)—** On 2/29/88, First Fidelity Bancorp acquired Fidelcor, Inc. Had the merger taken place before yearend, First Fidelity would have ranked 34th in discretionary assets with $10.2 billion. **(r)—** Data were revised since publication on 6/30/87. Rank firm would have had, if the revised data were used. **(†)—** Asset rank of the holding company as of 12/31/87. **(‡)—** The 1986 data are for the top 100 firms that year. **N.A.—** Not available.

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Top 100 Firms in Discretionary Trust Assets

Listed Geographically and Within State by Trust Assets on Dec. 31, 1987 (Millions of Dollars)

1987		Trust Assets 12/31/87	No. of Subs.	Affil. Inv. Adv. Subs.
	ALABAMA			
60	AmSouth Bancorp., Birmingham	4,460	N.A.	N.A.
	ARIZONA			
84	Valley National Corp., Phoenix	2,449	2	No
	CALIFORNIA			
3	Wells Fargo & Co., San Francisco	53,911	N.A.	N.A.
14	Security Pacific Corp., Los Angeles	19,994	11	Yes
16	First Interstate Bancorp., Los Angeles	18,009	N.A.	N.A.
17	Capital Guardian Trust Co., Los Angeles	17,827	0	No
34	BankAmerica Corp., San Francisco	10,393	3	Yes
56	Trust Services of America, Inc., Los Angeles	5,151	N.A.	N.A.
80	Bank of California NA, San Francisco	2,549	N.A.	N.A.
	COLORADO			
69	United Banks of Colorado, Denver	3,744	1	No
	CONNECTICUT			
48	Hartford National Corp. (a)	5,868	6	No
	DELAWARE			
15	Wilmington Trust Co.	18,498	3	Yes
	DISTRICT OF COLUMBIA			
90	Riggs National Corp., Washington, D.C.	2,148	1	No
	FLORIDA			
61	Barnett Banks, Inc., Jacksonville	4,349	6	No
77	Southeast Banking Corp., Miami	2,817	1	No
96	Florida National Banks of Florida, Jacksonville	1,800	N.A.	N.A.
	GEORGIA			
19	SunTrust Banks, Inc., Atlanta	16,837	N.A.	N.A.
44	Citizens & Southern Corp., Atlanta	6,800	4	Yes
	HAWAII			
89	Bancorp Hawaii, Inc., Honolulu	2,191	N.A.	N.A.
	ILLINOIS			
11	Northern Trust Corp., Chicago	25,142	8	Yes
12	First Chicago Corp.	24,467	15	No
23	Harris Bankcorp., Inc., Chicago	14,322	13	Yes
27	Continental Illinois Corp., Chicago	12,401	3	No
	INDIANA			
58	Indiana National Corp., Indianapolis	4,952	N.A.	N.A.
72	Merchants National Corp., Indianapolis	3,122	14	Yes
	KENTUCKY			
53	First Kentucky National Corp., Louisville	5,435	N.A.	N.A.
91	Liberty National Bancorp, Inc., Louisville	2,100	N.A.	N.A.
	LOUISIANA			
75	Hibernia Corp., New Orleans	2,866	3	No
82	Premier Bancorp, Inc., Baton Rouge	2,483	N.A.	N.A.
	MARYLAND			
50	Mercantile Bankshares Corp., Baltimore	5,714	3	No
	MASSACHUSETTS			
9	State Street Boston Corp.	29,800	N.A.	N.A.
13	Boston Safe Deposit & Trust Co.	21,288	N.A.	N.A.
25	Bank of Boston Corp.	12,775	14	Yes
26	Bank of New England Corp., Boston	12,528	11	Yes
66	Shawmut Corp., Boston (a)	3,959	7	Yes
	MICHIGAN			
28	Manufacturers National Corp., Detroit	12,076	4	No
31	NBD Bancorp., Inc., Detroit	11,024	14	No
51	Comerica Inc., Detroit	5,528	N.A.	N.A.
64	Old Kent Financial Corp., Grand Rapids	4,059	2	No
76	First of America Bank Corp., Kalamazoo	2,822	N.A.	N.A.
97	Michigan National Corp., Farmington Hills	1,800	N.A.	N.A.
	MINNESOTA			
24	First Bank System, Minneapolis	13,649	11	Yes
42	Norwest Corp., Minneapolis	7,590	N.A.	N.A.
	MISSOURI			
33	Centerre Bancorp., St. Louis	10,833	7	No
35	Boatmen's Bancshares Inc., St. Louis	10,251	16	No
40	Mercantile Bancorp., Inc., St. Louis	8,214	6	Yes
67	United Missouri Bancshares Inc., Kansas City	3,828	2	No
94	Commerce Bancshares Inc., Kansas City	1,842	4	No
	NEBRASKA			
88	Firstier Inc., Omaha	2,194	5	No
	NEW JERSEY			
52	First Fidelity Bancorporation, Newark (b)	5,500	3	No
57	Midlantic Corp., Edison	5,103	5	No
83	Horizon Bancorp., Morristown	2,471	3	No
95	Bessemer Trust Co., Woodbridge	1,827	0	No
	NEW YORK			
1	J.P. Morgan & Co., Inc., New York	65,441	N.A.	N.A.
2	Bankers Trust New York Corp.	64,600	15	Yes
5	Citicorp, New York	51,883	37†	Yes
7	Chase Manhattan Corp., New York	35,985	6	Yes
8	Chemical Banking Corp., New York	33,812	9	Yes
10	Manufacturers Hanover Corp., New York	29,027	3	Yes
20	U.S. Trust Corp., New York	15,889	6	Yes
21	Fiduciary Trust Co., New York	15,213	N.A.	N.A.
22	Bank of New York Co., Inc.	14,664	3	Yes
29	Irving Bank Corp., New York	11,422	9	No
62	Marine Midland Banks, Inc., Buffalo	4,104	N.A.	N.A.
68	KeyCorp, Albany	3,782	N.A.	N.A.
99	Amalgamated Bank of New York	1,700	N.A.	N.A.
	NORTH CAROLINA			
41	First Wachovia Corp., Winston-Salem	8,083	3	No
45	NCNB Corp., Charlotte	6,641	N.A.	N.A.
46	First Union Corp., Charlotte	6,489	4	No
	OHIO			
30	AmeriTrust Corp., Cleveland	11,182	N.A.	N.A.
36	Banc One Corp., Columbus	9,953	N.A.	N.A.
37	National City Corp., Cleveland	9,663	6	No
54	Trustcorp, Inc., Toledo	5,266	13	Yes
59	Society Corp., Cleveland	4,555	4	No
71	Fifth Third Bancorp., Cincinnati	3,375	N.A.	N.A.
85	First National Cincinnati Corp.	2,425	7	No
98	Huntington Bancshares Inc., Columbus	1,708	2	Yes
	OKLAHOMA			
81	Banks of Mid-America, Inc., Oklahoma City	2,489	N.A.	N.A.
87	BancOklahoma Corp., Tulsa	2,231	2	No
	OREGON			
74	U.S. Bancorp., Portland	2,979	3	Yes
	PENNSYLVANIA			
4	Mellon Bank Corp., Pittsburgh	53,531	16	Yes
6	PNC Financial Corp., Pittsburgh	44,304	13	Yes
38	First Pennsylvania Corp., Philadelphia	8,609	2	Yes
39	CoreStates Financial Corp., Philadelphia	8,531	3	No
55	Fidelcor, Inc., Philadelphia (b)	5,200	2	No
65	Meridian Bancorp, Inc., Reading	3,968	N.A.	N.A.
86	Union National Corp., Pittsburgh	2,340	5	No
	RHODE ISLAND			
43	Fleet/Norstar Fin'l Group, Inc., Providence	7,159	6	Yes
	TENNESSEE			
79	First American Corp., Nashville	2,764	N.A.	N.A.
93	First Tennessee National Corp., Memphis	1,865	2	Yes
	TEXAS			
18	First RepublicBank Corp., Dallas	17,497	31	Yes
63	MCorp, Dallas	4,074	N.A.	N.A.
70	First City Bancorporation of Texas, Inc., Houston	3,443	17	No
78	Texas American Bancshares Inc., Fort Worth	2,764	9	Yes
100	Cullen/Frost Bankers Inc., San Antonio	1,666	5	No
	VIRGINIA			
32	Crestar Financial Corp., Richmond	10,842	3	Yes
47	Sovran Financial Corp., Norfolk	6,325	N.A.	N.A.
	WISCONSIN			
49	First Wisconsin Corp., Milwaukee	5,857	8	Yes
73	Marshall & Ilsley Corp., Milwaukee	3,000	N.A.	N.A.
92	Marine Corp., Milwaukee	1,940	N.A.	N.A.

Data Source: American Banker survey questionnaire to the 200 largest trust firms in the nation. **Number of subsidiaries engaged in trust activity:** *American Banker* asked respondents to indicate the number of commercial bank subsidiaries, nondeposit trust companies, affiliated investment advisor subsidiaries, and all other subsidiaries engaged in trust activities in 1987. The number shown is the sum of all these subsidiaries. **Affiliated Investment Advisor Subsidiaries:** This column indicates whether or not the firm has an affiliated investment advisor subsidiary or subsidiaries. "Yes" indicates the firm has such a subsidiary and "No" indicates it does not. **N.A.**— If a firm did not respond to the *American Banker* questionnaire, it was sent a mailgram. The mailgram did not ask for the number of subsidiaries engaged in trust activities. Thus, for these firms, the data are not available. **(†)**— Includes 32 international subsidiaries and five domestic subsidiaries.

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Top 100 Institutions in Trust Income

Ranked by Size of Trust Department's 1987 Gross Operating Revenues

Rank 1987		Total Trust Income 1987	Total Trust Income 1986	Rank 1986	Gain in Rank	Total Operating Income 1987	Trust Income As % of Oper. Income	1987 Market Value Of Trust Assets
1	Citicorp, New York (M)	513,000,000	381,000,000r	2r	+1	27,988,000,000	1.8	482,400,000,000
2	J.P. Morgan & Co., Inc., New York (M)	443,000,000	398,400,000	1		6,833,600,000	6.5	65,441,000,000
3	Chase Manhattan Corp., New York (M)	321,000,000	265,609,000	3r		10,744,623,000	3.0	N.A.
4	Bankers Trust New York Corp. (M)	292,692,000	222,427,000	4		5,692,713,000	5.1	840,200,000,000
5	Mellon Bank Corp., Pittsburgh (M)	257,000,000	198,029,000	6	+1	3,321,000,000	7.7	188,019,000,000
6	State Street Boston Corp. (M)	236,161,000	176,643,000	7	+1	756,881,000	31.2	529,000,000,000
7	Bank of New York Co., Inc. (M)	235,618,000	205,599,000	5		2,140,577,000	11.0	326,307,156,000
8	Northern Trust Corp., Chicago (M)	180,301,000	148,945,000	8		834,496,000	21.6	136,538,200,000
9	Manufacturers Hanover Corp., New York (M)	168,668,000	147,685,000	9		7,756,709,000	2.2	N.A.
10	PNC Financial Corp., Pittsburgh (M,a)	166,193,000	127,558,344	11	+1	3,152,822,000	5.3	79,200,000,000
11	Chemical Banking Corp., New York (M)	157,900,000	100,160,000	16	+5	6,754,800,000	2.3	252,639,847,000
12	Wells Fargo & Co., San Francisco (O)	156,500,000	90,100,000	20	+8	4,572,300,000	3.4	75,233,300,000
13	U.S. Trust Corp., New York (O)	154,322,000	130,500,000	10		337,920,000	45.7	191,344,738,000
14	Security Pacific Corp., Los Angeles (O)	137,200,000	97,000,000	17	+3	7,617,500,000	1.8	116,454,498,000
15	First Interstate Bancorp., Los Angeles (M)	136,004,037	116,447,000	14		5,079,514,917	2.7	72,481,528,000
16	Bank of Boston Corp. (M)	135,644,000	123,726,000	13		4,269,030,000	3.2	71,881,859,000
17	First Chicago Corp. (O)	119,648,000	101,851,000	15		4,255,095,000	2.8	129,438,983,000
18	Bank of New England Corp., Boston (M)	117,588,000	93,504,000	19	+1	2,725,815,000	4.3	78,994,170,000
19	SunTrust Banks, Inc., Atlanta (M)	115,624,000	94,884,000	18		2,561,256,000	4.5	39,239,169,000
20	BankAmerica Corp., San Francisco (M)	97,983,000	127,203,000	12		10,163,000,000	1.0	29,153,709,000
21	Harris Bankcorp., Inc., Chicago (M)	94,995,000	79,633,000	21		1,032,215,000	9.2	53,063,693,000
22	First RepublicBank Corp., Dallas (M)	92,150,000	54,207,000	30	+8	2,351,553,000	3.9	67,005,180,000
23	Irving Bank Corp., New York (M)	91,679,000	73,844,000	23		2,165,591,000	4.2	43,177,714,000
24	First Bank System, Minneapolis (M)	85,921,000	75,000,000	22		2,481,098,000	3.5	21,505,000,000
25	Banc One Corp., Columbus, Ohio (M)	75,979,000	41,868,000	40	+ 15	2,384,757,000	3.2	26,199,244,000
26	Continental Illinois Corp., Chicago (M)	69,700,000	65,228,007	24		2,786,300,000	2.5	79,887,469,000
27	First Wachovia Corp., Winston-Salem, N.C. (M)	69,002,000	59,228,000	26		1,795,651,000	3.8	42,980,226,488
28	AmeriTrust Corp., Cleveland (O)	64,458,000	56,030,000	29	+1	933,991,000	6.9	31,313,291,000
29	Norwest Corp., Minneapolis (M)	62,400,000	58,700,000	27		2,297,700,000	2.7	29,252,700,000
30	NBD Bancorp., Inc., Detroit (M)	61,793,000	49,911,000	33	+3	1,967,985,000	3.1	52,329,880,000
31	First Union Corp., Charlotte, N.C. (O)	58,025,000	43,899,000	38	+7	2,626,296,000	2.2	15,866,940,000
32	National City Corp., Cleveland (M)	55,782,000	49,340,000	34	+2	1,467,709,000	3.8	29,280,284,000
33	Fleet/Norstar Financial Group, Inc., Providence, R.I. (M,b)	55,543,000	23,329,000	67	+34	2,535,778,000	2.2	14,643,865,000
34	NCNB Corp., Charlotte, N.C. (M)	55,163,000	52,473,000	31		2,460,943,000	2.2	N.A.
35	Capital Guardian Trust Co., Los Angeles (T)	54,830,000	46,844,000	36	+1	56,338,000	97.3	2,031,000,000
36	MCorp, Dallas (M)	54,637,000	52,000,000	32		1,774,346,000	3.1	14,931,000,000
37	Boston Safe Deposit & Trust Co. (B)	52,505,000	40,651,000r	43r	+6	870,995,000	6.0	118,700,000,000
38	Shawmut Corp., Boston (M,c)	51,684,000	44,785,000	37		707,376,000	7.3	7,978,372,000
39	Sovran Financial Corp., Norfolk, Va. (C)	50,320,000	32,897,000	49	+ 10	2,018,676,000	2.5	17,275,020,000
40	Fiduciary Trust Co., New York (B)	49,821,459	41,432,955	42	+2	62,564,428	79.6	23,838,247,000
41	Hartford National Corp., Conn. (O,c)	49,140,000	41,720,000	41		1,343,257,000	3.7	12,496,138,123
42	First Wisconsin Corp., Milwaukee (M)	49,099,000	39,551,000	43	+1	704,966,000	7.0	20,709,009,000
43	Citizens & Southern Corp., Atlanta (M)	47,013,000	38,372,000	45	+2	1,853,531,000	2.5	30,531,544,672
44	Centerre Bancorp., St. Louis, Mo. (M)	45,713,000	38,172,000	46	+2	500,339,000	9.1	17,537,788,000
45	Wilmington Trust Co., Del. (B)	45,636,000	39,074,000	44		285,049,000	16.0	84,389,548,000
46	National Westminster Bancorp NJ, Jersey City, N.J. (M)	43,601,000#	35,518,000#r	47r	+1	449,607,000	9.7	N.A.
47	Marine Midland Banks, Inc., Buffalo, N.Y. (O)	41,346,000	42,555,000	39		2,444,491,000	1.7	25,568,211,000
48	Manufacturers National Corp., Detroit (M)	37,904,000	29,771,000	55	+7	800,292,000	4.7	33,004,486,000
49	First Pennsylvania Corp., Philadelphia (O)	37,312,000	32,226,000	51	+2	536,553,000	7.0	43,300,000,000
50	MNC Financial, Inc., Baltimore (M)	37,019,000	11,933,000	102	+ 52	1,597,842,000	2.3	N.A.
51	Comerica Inc., Detroit (M)	35,828,000	32,948,000	48		945,592,000	3.8	10,823,847,000
52	Society Corp., Cleveland (M)	35,693,000	29,560,000	56	+4	886,236,000	4.0	10,240,861,000
53	First Fidelity Bancorporation, Newark, N.J. (M,d)	35,551,000	29,280,000	57	+4	1,328,163,000	2.7	43,000,000,000
54	Crestar Financial Corp., Richmond (O)	35,361,000	32,768,000	50		937,572,000	3.8	17,913,746,000
55	Midlantic Corp., Edison, N.J. (M)	34,346,000	30,278,000	54		1,543,408,000	2.2	13,886,027,000
56	CoreStates Financial Corp., Philadelphia (M)	34,301,000	30,431,000	53		1,448,662,000	2.4	59,085,080,000
57	Marshall & Ilsley Corp., Milwaukee (M)	33,897,000	31,684,000	52		558,030,000	6.1	8,200,000,000
58	First City Bancorporation of Texas, Inc., Houston (M)	33,450,000	33,950,000	47		1,134,378,000	2.9	10,938,026,000
59	Fidelcor, Inc., Philadelphia (M,d)	31,532,000	28,934,000	58		1,081,785,000	2.9	12,800,000,000
60	Mercantile Bancorp., Inc., St. Louis, Mo. (M)	31,144,000	27,188,000	61	+1	672,401,000	4.6	19,860,518,000
61	Barnett Banks, Inc., Jacksonville, Fla. (M)	30,880,000	23,861,000	65	+4	2,285,944,000	1.4	5,186,707,000
62	Bank of California NA, San Francisco (B)	30,529,000	28,075,000	60		33,562,000	91.0	11,967,187,000
63	U.S. Bancorp., Portland, Ore. (M)	30,283,000	16,583,000	82	+ 19	1,153,856,000	2.6	6,034,457,000
64	AmSouth Bancorp., Birmingham, Ala. (M)	28,121,000	23,654,000	66	+2	640,475,000	4.4	8,612,668,000
65	Mercantile Bankshares Corp., Baltimore (M)	27,221,000	25,621,000	62		313,693,000	8.7	18,560,375,000
66	Trust Services of America, Inc., Los Angeles (T)	26,549,000	20,932,404	68	+2	27,576,000	96.3	8,309,444,000
67	Boatmen's Bancshares Inc., St. Louis, Mo. (M)	26,465,000	24,423,000	63		841,581,000	3.1	15,256,000,000
68	Southeast Banking Corp., Miami (M)	25,519,000	17,439,000	79	+ 11	1,164,261,000	2.2	5,335,531,000
69	United Banks of Colorado, Denver (M)	25,436,000	20,288,000	70	+1	559,653,000	4.5	6,500,000,000
70	First Kentucky National Corp., Louisville (M)	24,391,000	19,804,000	72	+2	512,030,000	4.8	7,918,055,000
71	KeyCorp, Albany, N.Y. (M)	24,103,000	17,719,000	75	+4	1,091,103,000	2.2	7,187,199,000
72	Valley National Corp., Phoenix, Ariz. (O)	23,700,000	20,736,000	69		1,071,251,000	2.2	14,904,018,000
73	Bank of Tokyo Trust Co., New York (B)	22,362,754	13,218,486†	94†	+21	419,531,316	5.3	N.A.
74	Marine Corp., Milwaukee, Wis. (M)	21,476,000	19,025,000	73		406,528,000	5.3	3,822,498,000
75	Trustcorp, Inc., Toledo, Ohio (M)	21,400,000	14,666,000	92	+ 17	518,181,000	4.1	6,471,053,000
76	Meridian Bancorp, Inc., Reading, Pa. (M)	21,388,000	12,982,000	95	+ 19	883,046,000	2.4	8,968,417,000
77	First of America Bank Corp., Kalamazoo, Mich. (M)	20,884,000	14,759,589	90	+ 13	767,776,000	2.7	4,700,000,000
78	United Missouri Bancshares Inc., Kansas City, Mo. (M)	20,460,000	16,704,000	81	+3	287,175,000	7.1	43,909,000,000
79	Old Kent Financial Corp., Grand Rapids, Mich. (M)	20,015,000	16,200,000	85	+6	536,209,000	3.7	5,238,370,000
80	Huntington Bancshares Inc., Columbus, Ohio (M)	19,681,000	19,903,000	71		783,545,000	2.5	9,073,213,000
81	Texas American Bancshares Inc., Fort Worth (M)	19,473,000	18,532,000	74		524,367,000	3.7	4,508,959,000
82	Fifth Third Bancorp., Cincinnati (M)	19,420,000	17,681,000	76		382,651,000	5.1	10,524,800,000
83	Indiana National Corp., Indianapolis (O)	18,710,000	16,841,000	80		475,644,000	3.9	10,505,400,000
84	La Salle National Corp., Chicago (O)	18,372,000	16,261,000	84		74,798,000	24.6	8,000,000,000
85	IBJ Schroder Bank & Trust Co., New York (B)	17,847,000	15,756,000	87	+2	217,442,000	8.2	34,689,608,000
86	First National Cincinnati Corp. (M)	17,785,000	15,945,000	86		410,126,000	4.3	7,577,745,426
87	Bancorp Hawaii, Inc., Honolulu (O)	17,469,000	14,754,000	91	+4	492,796,000	3.5	4,155,240,000
88	Union Bancorp, Los Angeles (O)	17,289,000	16,438,000	83		887,254,000	1.9	N.A.
89	Bessemer Trust Co., Woodbridge, N.J. (T)	17,020,000	13,070,000	94	+5	17,575,000	96.8	1,843,329,000
90	Florida National Banks of Florida, Jacksonville (M)	16,429,000	15,103,000	88		685,829,000	2.4	5,400,000,000
91	California First Bank, San Francisco (B)	15,502,000	14,584,000	93	+2	580,542,000	2.7	3,083,129,000
92	Riggs National Corp., Washington, D.C. (O)	14,946,000	12,816,000	96	+4	479,026,000	3.1	17,794,150,000
93	Commerce Bancshares Inc., Kansas City, Mo. (M)	14,887,000	12,745,000	97	+4	451,758,000	3.3	5,272,908,000
94	Firstier Inc., Omaha, Neb. (O)	14,770,000	12,155,000	100	+6	218,389,000	6.8	7,003,165,000
95	Sanwa Bank California, San Francisco (B)	14,503,000	8,191,000	114	+ 19	474,316,000	3.1	6,528,376,581
96	South Carolina National Corp., Columbia (O)	14,117,000	12,102,000	101	+5	488,573,000	2.9	3,533,196,000
97	Michigan National Corp., Farmington Hills, Mich. (M)	13,727,000	10,455,000	108	+ 11	907,570,000	1.5	1,800,000,000
98	Cullen/Frost Bankers Inc., San Antonio (M)	13,716,000	12,169,000	99	+1	291,997,000	4.7	6,179,633,136
99	Banks of Mid-America, Inc., Oklahoma City (M)	13,161,000	.....	...		274,078,000	4.8	4,074,210,000
100	First American Bankshares, Washington, D.C. (M)	13,068,434	.....	...		737,990,162	1.8	3,728,396,000
	TOTALS FOR THE TOP 100 FIRMS‡	7,036,394,684	5,823,794,561	+20.8%				

Data Sources: American Banker survey questionnaire to the 200 largest trust firms in the nation; annual reports; Federal Reserve Board Y-9 data for bank holding companies, provided by **ADP Data Services Division, New York**; and Federal Regulatory report of income. **Gross operating income** of the trust department includes income from all types of fiduciary services but excludes all non-operating credits. **Market value of all trust assets** includes discretionary assets, nondiscretionary assets, corporate trust accounts, and accounts of a strictly custodial nature. **Type of institution—** A footnote, appearing after the name of each firm, describes its type: **(B)—** Commercial bank; **(M)—** Multibank holding company; **(O)—** One-bank holding company; **(T)—** Nondeposit trust. **(a)—** PNC acquired Central Bancorp. Inc., Cincinnati, on 2/29/88. However, the trust activities of Central Bancorp were merged with those of PNC before yearend 1987. Therefore, the 1987 data for PNC include the trust income of Central Bancorp. **(b)—** On 1/1/88, Fleet Financial Group, Providence, and Norstar Bancorp., Albany, N.Y., merged to form Fleet/Norstar. The 1987 data are for Fleet/Norstar, and the 1986 data are for Fleet Financial Group. **(c)—** On 2/29/88, Hartford National Corp acquired Shawmut Corp. and changed its title to Shawmut National Corp. Had the merger taken place before yearend, Shawmut National would have ranked 20th with gross trust income of $100.8 million. **(d)—** On 2/29/88, First Fidelity Bancorp acquired Fidelcor, Inc. Had the merger taken place before yearend, First Fidelity would have ranked 29th with gross trust income of $67.1 million. **(r)—** Revised since publication on 6/30/87. **(†)—** Not included in last year's survey. Rank is the rank the bank would have had, if it were included. **(‡)—** The 1986 total is for the top 100 firms in trust income that year. **(#)—** As reported by firm to the Federal Reserve on the Y-9 Report. **N.A.— Not available.**

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Trust Units Posted Gains Despite Stock Market Debacle

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department profitability produced by Cates Consulting Analysts Inc.

The *American Banker* survey also found that income from all types of bank trust activities rose 20.8% in 1987 for the 100 largest units, a result of substantial price increases.

In addition, the survey showed that Citicorp had supplanted J.P. Morgan & Co. as the nation's top producer of trust income. Morgan had led in this category in each of the previous 19 years. It finished second in 1987.

Although managed trust assets rose 10.1%, the market decline did make an impact. The percentage gain is the smallest since the 6.8% rise in 1984. In 1985 and 1986, in the heat of the bull market, the value of these holdings advanced a record 23% and 22.8%, respectively.

Managed, or discretionary, trust assets are stocks, bonds, and other holdings for which a trust banking company is authorized to make investment decisions. Also included are assets for which the trust banking company recommends but does not make the investments, and accounts over which the bank shares investment power.

Since trust departments invest heavily in stocks and bonds, increases or decreases are reflected in the value of discretionary assets.

From December 1986 to December 1987, stock prices fell 3.1%, as measured by the Standard & Poor's 500 index. Bond prices also plummeted during the period, with the Shearson-Lehman Treasury index falling 11.2%.

While lagging behind Citicorp in trust income last year, Morgan held on to the No. 1 spot in total managed trust assets. Morgan's discretionary assets totaled $65.4 billion, up 6% from 1986. Filling out the top five were Bankers Trust New York Corp., with $64.6 billion in trust assets; Wells Fargo & Co., with $53.9 billion; Mellon Bank Corp., with $53.5 billion; and Citicorp, with $51.8 billion.

Citicorp's ranking has been falling steadily over the past few years. In 1985, the nation's largest banking company was also the biggest trust bank. However, in 1986 it dropped to third place and last year fell to fifth.

A Citicorp trust officer said the decline in managed assets is part of a strategy to exit what he described as a thin-margin business. Instead, the corporation is emphasizing worldwide trust businesses in which it does not directly manage funds, for example, record-keeping services.

"There are some places in the world — Spain, Italy, part of the Far East — where a bank can charge 2% or 3% for handling a custody account," he said. "In the U.S., the whole deal is done for 15, 20 basis points."

And Citicorp's portfolio of managed trust assets continues to get smaller. The corporation has agreed to sell its domestic institutional investment management unit and its $18 billion portfolio to USF&G Corp., a Baltimore-based insurance holding company.

The strategy has propelled Citicorp to the top of the trust income rankings. Last year, Citicorp earned $513 million, up 34.6% from 1986. Second-place Morgan earned $443 million, up 11.2%.

Income at the 100 largest totaled $7 billion last year, compared with $5.8 billion in 1986.

Ms. Triner, the Cates analyst, attributed the higher income largely to substantial, across-the-board price increases for trust services.

The analyst also found that the profitability of trust departments rose slightly last year. She said that of the 120 trust departments included in the TrustCompare survey, the profit margin on average rose to 31% from 30%. "It undoubtedly would have been higher if not for Oct. 19," she said.

In the *American Banker* survey, MNC Financial Inc., Baltimore, showed the biggest percentage increase in trust income. MNC's earnings more than tripled to $37 million from $11.9 million.

Walter Fatzinger, executive vice president of American Security Bank, MNC's Washington-based bank unit, attributed the sharp increase to effects of MNC's acquisition last year of American Security and to a one-time boost to earnings from a change in accounting procedures mandated by the Tax Reform Act of 1986.

BankAmerica had the biggest percentage drop in trust income, which fell 23% after the company sold its consumer trust division to Wells Fargo & Co. ■

Largest Gains in Discretionary Assets Among Top 100 Firms in Trust Assets

		Trust Assets 1987	Trust Assets 1986	% Incr.	Asset Rank
1	Michigan Nat'l Corp.	1,800,000,000	422,000,000	326.54	97
2	First RepublicBank Corp.	17,496,918,000	8,079,619,000	116.56	18
3	Meridian Bancorp.	3,967,920,000	1,861,158,000	113.20	65
4	Crestar Fin'l Corp.	10,842,186,000	5,311,327,000	104.13	32
5	Chemical Bkng Corp.	33,811,620,000	16,917,000,000	99.87	8
6	Mellon Bank Corp.	53,531,000,000	27,798,976,000	92.56	4
7	Trust Services of America Inc.	5,151,124,000	2,908,768,000	77.09	56
8	Fleet/Norstar Fin'l Group Inc.	7,158,797,000	4,403,961,000	62.55	43
9	First Bank System	13,649,000,000	9,599,000,000	42.19	24
10	U.S. Bancorp	2,979,370,000	2,115,346,000	40.85	74

Largest Declines in Gross Trust Income Among Top 100 Firms in Trust Income

		Trust Income 1987	Trust Income 1986	% Decline	Income Rank
1	BankAmerica Corp.	97,983,000	127,203,000	22.97	20
2	Marine Midland Banks Inc.	41,346,000	42,555,000	2.84	47
3	First City Bancorp of Texas Inc.	33,450,000	33,950,000	1.47	58
4	Huntington Bancshares Inc.	19,681,000	19,903,000	1.12	80

Largest Gains in Gross Trust Income Among Top 100 Firms in Trust Income

		Trust Income 1987	Trust Income 1986	% Incr.	Income Rank
1	MNC Financial Inc.	37,019,000	11,933,000	210.22	50
2	U.S. Bancorp	30,283,000	16,583,000	82.61	63
3	Bank One Corp.	75,979,000	41,868,000	81.47	25
4	Sanwa Bank California	14,503,000	8,191,000	77.06	95
5	Wells Fargo & Co.	156,500,000	90,100,000	73.70	12
6	First RepublicBank Corp.	92,150,000	54,267,000	69.81	22
7	Bank of Tokyo Trust Co.	22,362,754	13,218,486	69.18	73
8	Meridian Bancorp	21,388,000	12,982,000	64.75	76
9	Chemical Banking Corp.	157,900,000	100,160,000	57.65	11
10	Sovran Financial Corp.	50,320,000	32,897,000	52.96	39

Merrill Beats Out Commercial Banks On Banc One's $1 Billion Paper Issue

By GEORGE YACIK

NEW YORK — Banc One Corp. expects soon to complete a program of $1 billion in private commercial paper backed by its credit card receivables.

Details on the huge transaction are sketchy, but market sources said the holding company based in Columbus, Ohio, will sell the receivables to a newly created trust, which will issue the paper. Merrill Lynch & Co. is investment banker on the deal.

"We do have a deal," a Banc One official said, but he would not comment further. The official said the company would have more to say about it "in a couple of weeks."

Sources said Merrill has been working on the deal for several months. The paper will be sold privately to a limited number of accredited institutional investors, sources said.

Officials at competing investment firms expressed disappointment they did not land the big Banc One account.

"Commercial banks couldn't bid on this" until the Supreme Court's recent decision granting banks new underwriting powers, an official at a large bank said. "This is exactly the kind of third-party transaction commercial banks would love to do and are well-placed to do," he said.

Market sources said Banc One was one of the earliest and most aggressive proponents of securitization, completing several deals in the private market. ■

DAILY FINANCIALS

Monday June 27, 1988

Money Market

Federal funds range - Domestic 7½%-7⅝%
Prime rate (5/12/88) 9.00%
Discount rate FRB of New York (9/4/87) 6.00%

Call loans on securities, to brokers on stock exchange collateral (5/27/88) 8.50%

Bankers acceptances offering rate, discount (6/27)
30 days: 7.38 60 days: 7.40 90 days: 7.42
120 days: 7.43 150 days: 7.45 180 days: 7.45

Certificates of deposit ($100,000 to $1,000,000), highest offering rate, at New York City banks (6/27)
14 days: 7.05 30 days: 7.15 60 days: 7.20
90 days: 7.20 120 days: 7.30 150 days: 7.35
180 days: 7.35 270 days: 7.60 360 days: 7.70

Commercial paper, dealer Aaa, discount (6/27)
30 days: 7.45 60 days: 7.50 90 days: 7.55

Commercial paper, directly placed, discount (6/27)
5-14 days: 6.75 15-29 days: 7.35
30-59 days: 7.45 60-89 days: 7.45
90-179 days: 7.45 180-270 days: 7.45

Treasury-bill rates, secondary market, bid (6/27)
90 days: 6.55 180 days: 6.78 1 year: 7.02

Eurodollar deposits, London bid (6/27)
Overnight: 7 7/16 7 days: 7⅝ 1 month: 7⅝
3 mos.: 7 11/16 6 mos.: 7 13/16 1 year: 8 3/16

NIBOR: 7 9/16% LIBOR: 7 15/16%

American Banker Index

Selected Money Center Bank Stocks*

			High	Low	Last
June 27:	293.3	1988:	296.0	227.7	293.3
June 24:	296.0	1987:	401.7	212.0	234.6
June 23:	294.9	1986:	388.7	331.2	331.3
June 22:	292.5	1985:	344.2	242.7	344.2
June 21:	284.6	1984:	269.6	178.4	246.3

* Based on midday prices.

Wriston . . .

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"There's an awful lot that's no longer exciting in the job because I have done that over and over again." He says he has had the same basic responsibilities at Citicorp for 15 years.

One investment banker says there has been a high burnout rate among the bank CFOs of Mr. Howard's generation. No one at a major bank holding company, the banker says, has lasted as long as Mr. Howard.

Mr. Howard won't be able to take it easy at Salomon. The investment bank is beset with a variety of troubles and unsure of its direction. He will be Salomon's second chief financial officer. The first, Gerald Rosenfeld, lasted only one year.

Mr. Howard's main contribution to Citicorp? "The people," he says. "I have hired, developed, trained, and leave behind a legacy of people that is far and away my largest contribution to the corporation." ■

Thrift Power Base Growing, Pitt Says

By LINDA ELLIS

NEW YORK — The political power base of the thrift lobby in Washington has grown beyond savings and loan associations to include mortgage bankers, Realtors, and other groups involved in housing, the chairman of the nation's largest thrift trade group said Monday.

While the number of savings institutions — and thus membership in the U.S. League of Savings Institutions — is shrinking, there is still a powerful voice for the industry in Washington, Theo H. Pitt Jr., chairman of the U.S. League, told the New York Society of Security Analysts.

"If not us, who? Who will step in and provide the means to the American dream, home ownership?" Mr. Pitt said in response to a question about the viability of the troubled thrift industry.

Last year, savings institutions accounted for more than 54% of the residential mortgage loans outstanding in the private sector, he said.

Mr. Pitt, who is chairman and president of Pioneer Savings Bank, Rocky Mount, N.C., said an analysis of recent earnings reports "shows the bulk of the business to be healthy and vibrant."

Like the first-quarter 1988 earnings report, he said, 1987 losses were "confined to a relatively small number of institutions located primarily in economically depressed parts of the country."

Mr. Pitt said the reports showed that in the first quarter, for example, 20 institutions, mainly in Texas, accounted for $3 billion of the $3.8 billion industry loss, and 50 institutions accounted for $3.7 billion of the loss.

At the end of 1987, he said, citing the reports, 89% of the healthy institutions were profitable, with after-tax earnings of $4.9 billion. ■